

inFUSE Accelerator Workshop II
20 August 2024

#infuseaccelerator

**Benefit sharing:
concept,
examples, and
challenges**



inFUSE

Accelerator by Neyen



...Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity.”

- Preamble to the Paris Agreement





Interactive Activity

Sidrap Wind Farm

SOUTH SULAWESI, INDONESIA

- The project is located in **Mattirotasi and Lainungan Villages, Watang Pulu Sub-district, Sidrap Regency, South Sulawesi, Indonesia.**
- **The economy is based on agriculture**, such as rice, corn, cassava, sweet potato, peanuts, and soybeans.
- Located near **Tanah Toraja**, a major tourist destination

What community benefits could be brought to this area with the introduction of a wind farm?

Scan to
participate



Agenda

1 What is Benefit Sharing?

2 Country-level Implementation

3 Project-level implementation

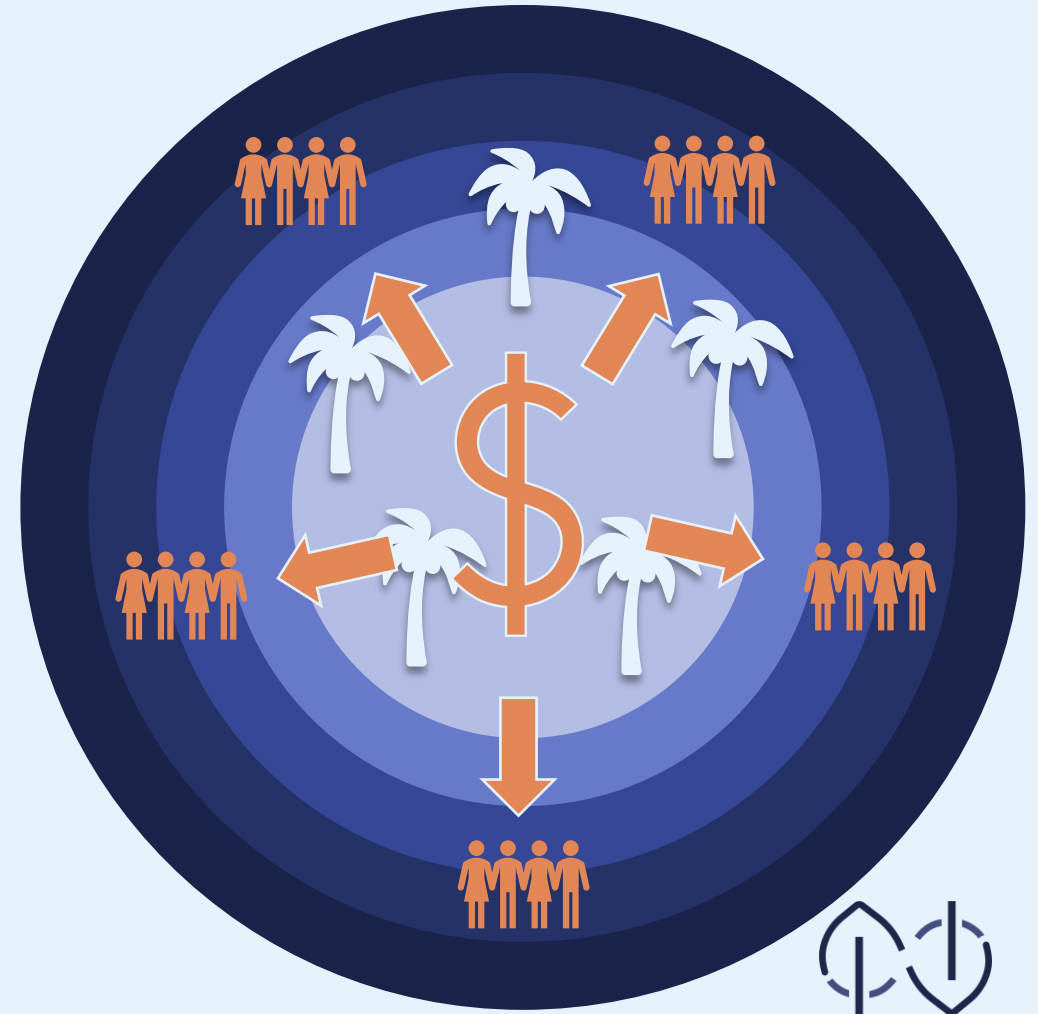
4 Challenges



What is Benefit Sharing?

What is benefit sharing?

- How and to what extent the benefits from carbon credit sales are **shared with those implementing the projects and the local communities where the projects are located.**
- It can be done as
 - **monetary contributions (e.g., cash transfer)**
 - **non-monetary benefits (e.g., community projects)**
 - **both**



Examples of Non-Monetary Benefits

based on the Katingan Mentaya Project in Indonesia

OBJECTIVE OF THE PROJECT

1. to protect and restore 149,800 hectares of peatland ecosystems and generate an average emission reduction of 7,452 MtCO₂e annually
2. to improve quality of life and reduce poverty of the project-zone communities
3. to stabilize healthy populations of faunal and floral species in the project zone and enhance natural habitats and ecological integrity through ecosystem restoration.





Examples of Non-Monetary Benefits

based on the Katingan Mentaya Project in Indonesia

- Infrastructure: access to clean water, construction of latrines, solar energy
- Services: health care practitioners, health care supplies, and educational materials
- Inputs: bamboo and cashew cultivation
- Capacity building: rubber agroforestry, microfinance, fishponds
- Enterprise support: village enterprises for the fabrication of composite flooring from rattan and bamboo, and for coconut palm sugar production



Examples of Non-Monetary Benefits

based on the Katingan Mentaya Project in Indonesia

- Market access: Access to local markets for vegetables, composite flooring, rubber, and vanilla
- Securing land tenure: Supporting villages to get formal recognition and tenure over forest land
- Revolving funds*: Village funds for micro finance (Katingan Mentaya Project, Indonesia)
- Employment*: for community fire patrol for four months of dry season



Country-level implementation

Country-level implementation

To ensure benefit sharing in projects carried out within their jurisdiction, some countries are **imposing regulations** to dictate benefit sharing mechanisms

Some country approaches:

Mandate a percentage of proceeds to go to the community through regulation

Mandate a percentage of proceeds to go to the community, as negotiated on a case-by-case basis

Mandate the development of a social plan or a community-based program

Regulatory examples

- Some countries have incorporated language into their policies about the need for benefit sharing arrangements
 - Papua New Guinea, Indonesia
- Other countries have already provided stipulations for benefit sharing mechanisms:

Zimbabwe	50% share of project revenue
Malawi	12.5% of the proceeds will go to the government, together with the share of proceeds to the local entrepreneurs.
Kenya	The aggregate earnings of the previous year will be managed and disbursed for the benefit of the community provided that: <ol style="list-style-type: none">i. in land-based projects, the contribution shall be at least 40% of the aggregate earningsii. in non-land-based projects, the contribution shall be at least 25% of the aggregate earnings



Project-level Implementation



Gula Gula Food Forest Program

WEST SUMATRA, INDONESIA

This project aims to restore degraded land through **Assisted Natural Regeneration (ANR)** techniques and **planted agroforestry species**.

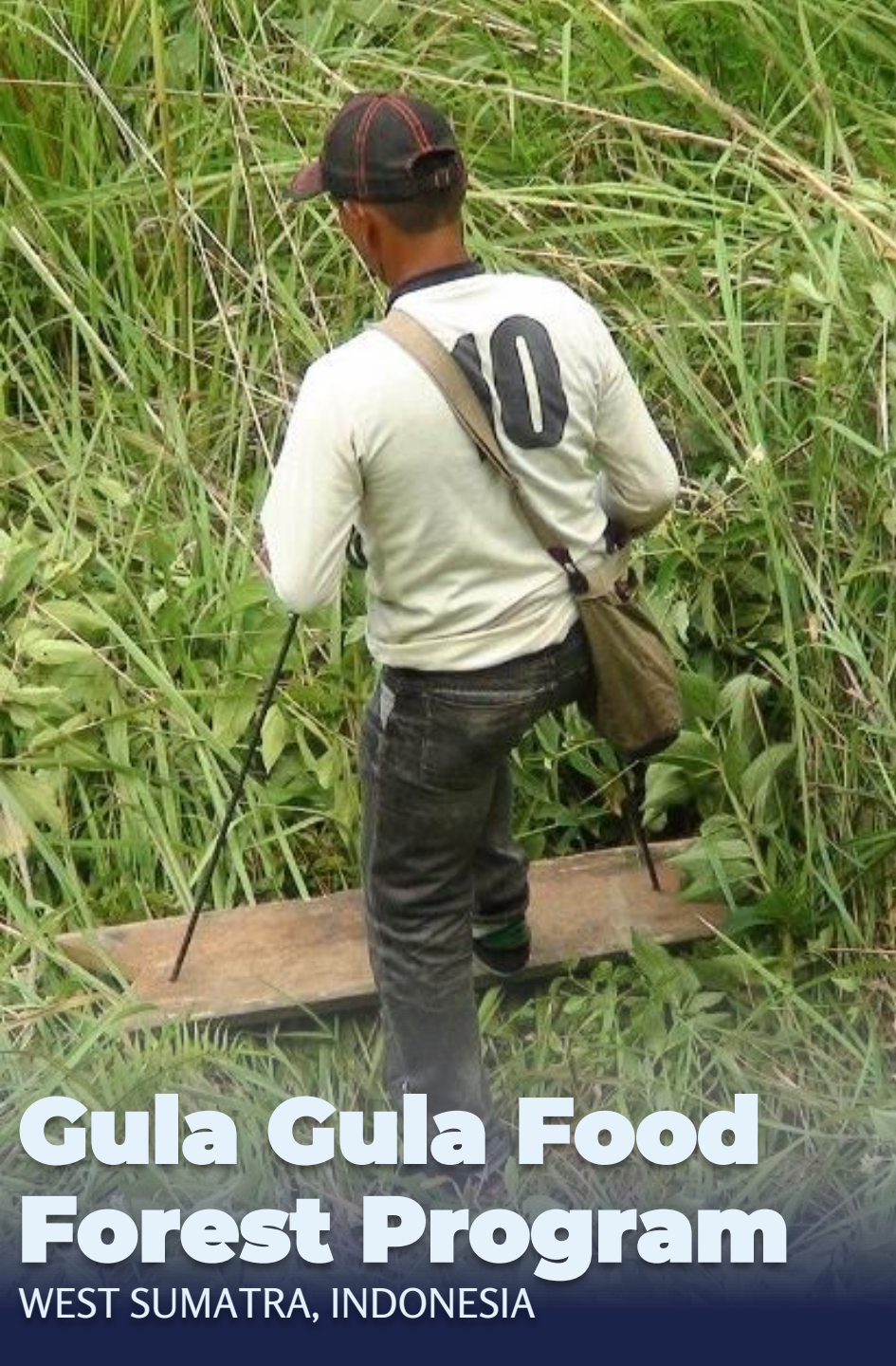
Project Coordinator: **CO₂Operate BV**

Registered under **Plan Vivo**.



Plan Vivo requires **sixty percent** of the income from the sale of Plan Vivo Certificates to go to the participants.





Gula Gula Food Forest Program

WEST SUMATRA, INDONESIA

QUICK FACTS ABOUT THE PROJECT

2019

start year

388

number of smallholder household participants

83,286

number of Plan Vivo Certificates issued

Benefits to farmers:

- Direct payments to farmers
- Nursery development and training
- Mapping of farmland participants
- Local community facilitators (for a 5-year period) (a form of local employment)
- Project field expenses, including trainings (for a 5-year period).
- Farmer souvenir (hat, t-shirt)
- Back up



Annual tree planting targets for payments to farmer participants

Year	Monitor annual tree planting targets per farmer	Carbon payments (% of total)	Tree planting target
1	<ul style="list-style-type: none"> Field preparation (ANR and/or slashing) Digging holes for trees Plant trees for that particular year 	40%	<ul style="list-style-type: none"> Land preparation done Nursery established and all seeds planted
2	<ul style="list-style-type: none"> Finish all tree planting if needed 	20%	<ul style="list-style-type: none"> 100% of targeted trees are planted
3	<ul style="list-style-type: none"> Monitor tree health/growth replace trees if needed 	20%	<ul style="list-style-type: none"> 100% of all trees planted, including replanting
4	<ul style="list-style-type: none"> Monitor tree health/growth Replace trees if needed 	15%	<ul style="list-style-type: none"> All trees planted and grown, 100% of all trees planted, including replanting
5	<ul style="list-style-type: none"> Monitor tree growth Replace dead trees if needed 	5%	<ul style="list-style-type: none"> At least 95% of trees continue to grow. Tree product harvesting begins



Gula Gula Food Forest Program

WEST SUMATRA, INDONESIA

2023 FIGURES

16,656

number of Plan Vivo Certificates issued

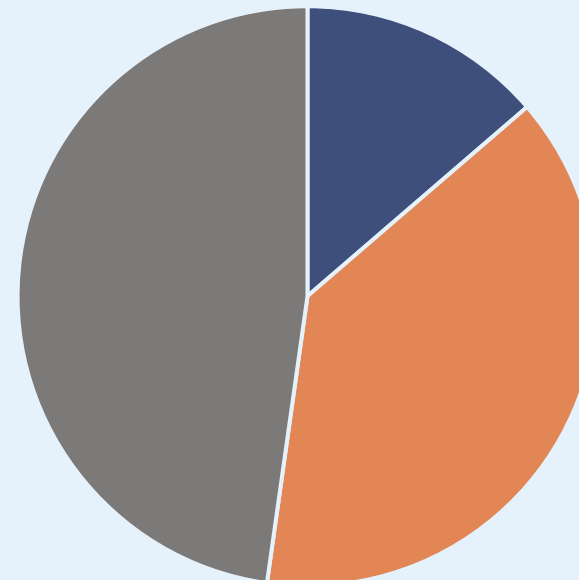
\$199,872

amount of wholesale revenue that went to farmers

\$28,840

amount disbursed as cash transfer

Payments for Ecosystem Services (PES)



- Cash payments
- In-kind benefits
- Held in trust





Sidrap Wind Farm

SOUTH SULAWESI, INDONESIA

The project will have a total rated capacity of **75 MW**. The expected net annual power supply to the grid is **253,000 MWh**.

The project avoids 140,000 tCO₂e emissions per year

Project Coordinator: **CO₂Operate BV**

Registered under Gold Standard.





Sidrap Wind Farm

SOUTH SULAWESI, INDONESIA

QUICK FACTS ABOUT THE PROJECT

2018-2028 crediting period

525,251 number of credits issued

420,924 number of credits retired

BENEFITS IN FIGURES

709 employees during the development of the wind farm

95% percentage of employees that was sourced locally

35 number of jobs created for local workers during operation





Sidrap Wind Farm

SOUTH SULAWESI, INDONESIA

OTHER BENEFITS

- **Regular training** opportunities for employees
- **Free educational seminars** and visits for the public
- **Monitors, manages, and mitigates** negative impacts on the environment and on local flora and fauna
- **Infrastructure** for the local community
- **Reduction of criminal rates**
- Economic diversification through the creation of **tourism**





Challenges

Rigid Regulation

- Regulatory interventions may **hinder competitiveness**:
 - Some existing regulations use a fixed percentage on multiple indicators to mandate share of proceeds
- If a project is not profitable, **it will not be implemented**.
- **Further engagement is needed** among carbon project proponents, industry organizations, and governments on appropriate legislative instruments



Lack of monitoring processes

- There is still a **lack of assessments** of the realization and impact of benefit-sharing efforts in carbon projects.
- The disbursement of monetary benefits is difficult to track **due to lack of audits**, especially those to small-scale players.
- The assessment of social benefits should be an **integral part of GHG validation and verification processes** even when not covered by the carbon program.



Bad press

- While there are definitely projects that are carried out poorly and exploit local communities, there are those that are executed well that **equally suffer the bad press the bad projects generate.**
- Need more education and communication of success stories.



Q&A



NEYEN

Breathing forth innovation